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Executive Secretary

7/21/82

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Washington, D.C. 20520

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July 20, 1982

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Interagency Group No. 2

TO : OVP - Mrs. Nancy Bearg Dyke
 NSC - Mr. Michael O. Wheeler
 CIA -
 Defense - COL John Stanford
 JCS - MAJ Dennis Stanley

25X1

SUBJECT: Notification of IG Meeting

A restricted session of the interagency group on Iran will convene Wednesday, July 21, at 3:00 p.m. in Room 6245 of the State Department. The meeting will focus on policy options for dealing with the Iraq/Iran war. A paper for discussion is attached.

Attendance will be principal plus one. Addressees are requested to telephone the names of their attendees to Mr. Tain Tompkins at 632-5804 by COB Tuesday, July 20.


 L. Paul Bremer III
 Executive Secretary

Attachment:

Discussion paper.

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82-5541

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SECRETDISCUSSION PAPER FOR IG ON POLICY OPTIONS FOR DEALING WITH
IRAN-IRAQ WARPolicy Framework

Support for Gulf Non-Belligerents. We have seen the Iran-Iraq war as a serious threat to long-standing U.S. interests in the security of Saudi Arabia and the Gulf states. Therefore, from the beginning our policy has sought to bring a peaceful end to the conflict. Another major strain of our policy has been to buttress the security of the Gulf non-belligerents, to encourage their remaining out of the conflict and to seek to sustain their confidence in us as a force for stability in the region. Under this policy we have been able to take some steps, and could take additional measures, to respond to rising moderate Arab concerns about their security. (Steps taken, and illustrative steps we might take within present policy guidelines, are set forth in the attachment.) While the efficacy of specific further steps in pursuit of this policy must be examined closely, there is no question that pursuit of this aspect of our policy thrust serves U.S. interests.

Neutrality. The other major element of our policy toward the war has been maintaining neutrality with respect to the belligerents. An important consideration of this policy has been to prevent the increase of Soviet influence with either Iran or Iraq. The policy of neutrality flows from several basic considerations in our overall strategic approach to the region including the importance we attach to having some balance of power between Iran and Iraq. Saudi Arabia and the Gulf states have long looked to such a balance as essential to checking the aggressive intentions of either Iraq and Iran toward the Gulf. Until the Iranian revolution the focus was on the Shah's ability to restrain revolutionary Iraq. Since the revolution the Gulf states have seen Iraq as a buffer against Iranian pressure. Preserving some balance between Iraq and Iran has, of course, been an important U.S. policy interest, but we have also viewed our position toward the conflict in terms of broader strategic considerations, particularly concern for keeping Soviet influences out of Iran.

The Pressure to Tilt toward Iraq. To the extent that the moderate Arabs have maintained confidence in the ability of

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- 2 -

Iraq to counter Iranian pressure, they have considered our overall policy response to the war adequate in terms of their concerns. Increasingly, however, they have been drawn into support of Iraq and now Jordan and Egypt are strongly urging that the U.S. tilt toward Iraq. If Iran eventually meets with sufficient military success to occupy substantial territory in Southern Iraq the alarm of the Gulf states and other modern Arabs will increase sharply. They will become more firmly convinced that Iran's war aims include a fundamental change in the ruling order in Iraq, i.e., some type of Islamic republic under Iranian influence. We will appear to moderate Arab states as inadequate in meeting our other basic objective of assuring their security. Moderate Arab regimes will look to us to tilt toward Iraq, and our failure to do so will significantly lessen their confidence that we are relevant to their security concerns, with broad implications for our influence in the Middle East.

Possible New Policy Options. The purpose of this paper is to examine below various options for a fundamental shift in U.S. policy which would involve a tilt toward Iraq, including both the positive and negative impact on various of our interests of such a policy shift. A key consideration in deciding whether to tilt toward Iraq, either directly or indirectly, is the impact on Iran. Some believe that a U.S. policy of support which strengthened Iraq sufficiently to threaten Iranian security--as perceived by Iran--would risk pushing Iran into a close security and political relationship with the Soviet Union, contrary to our interests in the region. Others believe that there is sufficient anti-Soviet sentiment in the Iranian leadership to make such a development unlikely unless the U.S. were to attack Iran.

A policy tilted toward Iraq would also create problems in our relations with Israel, which continues to view Iraq as a major threat to Israeli security. Moreover, a pronounced policy tilt toward Iraq would probably delay the time when we can reasonably contemplate normalization of relations with Iran, even with some moderate successor regime to the present one. A satisfactory relationship with Iran will be an important factor in the long-term stability of the Gulf region; a near-term improvement in U.S.-Iranian relations appears highly unlikely. It should also be borne in mind that if a policy of tilt toward Iraq fails to thwart Iranian attempts to establish an Islamic regime in Iraq, we would end up getting no credit--and possibly an adverse reaction--from the moderate

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- 3 -

Arab states we were attempting to reassure. On the other hand, it is worth considering that if Iraq falls before Iranian military pressure, the U.S. will likely be asked to deploy U.S. forces to the Gulf to reassure area states. While a modest deployment would be unlikely to provoke a strong Iranian reaction, a more significant deployment combined with a public declaration that we would provide security to the Gulf could have the same impact on long-term U.S.-Iranian relations as a policy of providing at least minimal assistance to Iraq in the first instance. The major difference would be that by not having helped Iraq, we would have possibly given friendly regional states the impression that we lacked the will or interest to take into account their security concerns in a crisis.

Options. This section addresses six options for direct and indirect U.S. support of Iraq.

1. Joint Soviet-U.S. Demarche to Iran

While the Soviet Union and the U.S. appear to have a shared interest in encouraging an Iranian withdrawal from Iraq, we do not think it would be in our interest to encourage the Soviet Union to get involved in brokering Middle Eastern disputes. While the Saudis especially would not be pleased by U.S. steps that appeared to bring the Soviets more directly into Gulf affairs, they have suggested that we get the Soviets to stop the flow of Soviet-origin weapons to Iran. Moreover, a joint Soviet-U.S. demarche to Iran would presumably have no more impact on Iranian behavior than the July 12 Security Council resolution which was supported by both the U.S. and the Soviet Union.

2. Measures for Coping with the Khomeini Regime

Available evidence indicates that the Khomeini regime, bolstered by military victories and increased oil exports, is in firm control of Iran with no meaningful opposition among the Iranian population. We probably could not encourage serious anti-Khomeini initiatives among dissident Kurds and Baluchis without the active cooperation of the Turks and Pakistanis who do not want to risk a direct confrontation with Khomeini or jeopardize profitable commercial relations. A major intervention by us with the Kurds and Baluchis could give the Soviets an excuse to step up their activities in the tribal areas, as well. The anti-Khomeini exile groups; for their

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part, remain divided and appear to enjoy little popular support in Iran. Many of these exile leaders are seen in Iran as personally tainted by corruption or--in some cases--as agents of Iraq. As has happened in the past, active measures are inevitably going to leak, thereby further impeding eventual normalization of U.S. relations with Iran.

3. Intelligence Sharing with Iraq

Friendly Arabs, particularly Jordan and Egypt, might find reassuring a U.S. move to share near real-time tactical intelligence (such as AWACS data) with Iraq, either directly or through third parties. Iraq has asked us indirectly for intelligence exchanges, and Jordan has called for direct (but unspecified) U.S. support of Iraq. Iranian knowledge of U.S. tactical intelligence support probably would delay eventual improvement in U.S.-Iranian relations more than would an Iranian discovery of our present passing to Iraq via Jordan and Saudi Arabia of more generalized, post facto military assessments. Sharing AWACS data with Iraq could well provoke retaliation by Iran against Saudi Arabia and could also raise major problems with Congress with respect to the President's assurances on third country transfers of such data.

4. Indirect U.S. Military Support for Iraq

We could provide indirect military support to Iraq, e.g., by informing Jordan and Egypt we would not object to their transfer to Iraq of U.S. controlled arms. Under U.S. law, we would have to notify Congress. However, Amman and Cairo may prefer to keep the present U.S.-provided excuse for not shipping valuable equipment to Iraq. In any case, transfer of U.S. arms from Egypt and Jordan to Iraq might not suffice to turn the tide of battle against Iran. (Iraqi failures to date have been due mainly to weak leadership, morale, and tactics.) A more indirect step could be to permit sale to Iraq of military items manufactured in Europe or the Far East with components subject to U. S. control. Under U.S. law, we could only permit such sales if we certified that we would be willing to sell such items to Iraq ourselves. Either way, we could face major problems with Israel and we would have to account to the Congress just as if we were establishing a direct arms supply relationship with Iraq. U.S. equipment would be difficult for Iraq to assimilate in the short term.

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- 5 -

5. Direct Sales to Iraq of U.S. Arms

Iraq recently has queried U. S. manufacturers about purchases of military trucks and helicopter gunships. We have advised the U.S. firms we would not permit such sales, under authority of the Munitions Control Act, and in accordance with our policy of neutrality with respect to the Iran-Iraq war. Moreover, the necessary Congressional support for such sales is highly unlikely. In any case, equipment and weapons shortages have not yet been a major factor in Iraqi reversals, and it is doubtful that any degree of U.S. involvement will succeed in changing Iraq's fortunes. We would, in any case, need to gain a better understanding of Iraq's potential military requirements before a final decision could be made on establishing a U.S.-Iraqi military supply relationship.

6. Direct U.S. Support of Arab Intervention

Direct U. S. military support of Iraq, for example by airlifting Egyptian or Jordanian troops or supplies, would drive Iran even further from us and increase Soviet opportunities in Iran significantly. Again, the necessary Congressional support would be unlikely in view of general distaste for the regime of Saddam Hussein and opposition from the supporters of Israel. It is unlikely sufficient Egyptian or Jordanian forces could be deployed to Iraq to make a significant difference on the battlefield. The deployment of such forces might, however, effect the formation of a new government in Baghdad. To date neither the Egyptians nor the Jordanians have shown any inclination to deploy sizable forces to Iraq. Because of Jordan's own security concerns, it is highly unlikely that Jordan would agree to more than a token military deployment unless the U.S. were to provide some form of commitment to Jordan's security.

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Appendix.

July 20, 1982
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APPENDIX -- CHECKLIST OF ACTIONS THAT
HAVE BEEN INITIATED OR COULD
BE CONSIDERED WITHIN CURRENT
U.S. POLICY GUIDELINES

STEPS ALREADY TAKEN

UN Action.

We voted for the July 12 UNSC resolution calling for a ceasefire in the Iran-Iraq fighting and settlement of differences through negotiation. This resolution was supported by Arab moderates, including Saudi Arabia, which specifically asked that we vote for it. Iran has so far ignored the resolution.

AWACS Support For Saudi Arabian Air Defenses.

Four USAF AWACS aircraft have been deployed to Saudi Arabia since October 1980 to provide the Saudi Arabian air defense system with an early warning capability against hostile air attack. Recently, at Saudi request, we agreed to eliminate filters that had screened out of the data supplied the Saudis certain tracking information and to permit AWACS flights on a more extended orbit toward the Gulf (while still remaining over the Saudi land mass). These steps now give the Saudis the full air picture over southern Iraq and Iran, thereby permitting earlier and more complete detection and tracking of possible intruders/hostile aircraft; our agreement to take these steps was also intended as a positive gesture of U.S. concern for the security of Saudi Arabia. Restrictions on passing any AWACS data by the Saudis to third parties, especially Iraq, without our consent, still apply.

U.S.-Saudi Joint Contingency Planning.

The Saudis have now agreed to our offer to engage in joint coordinated air defense planning. A seven-man U.S. air defense team will go to Saudi Arabia this week as what is expected to be the first element of a larger contingency planning group.

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- 2 -

U.S.-Bahrain Contingency Discussions.

We have agreed in principle to a request made by the Bahraini Foreign Minister to discuss what facilities or prepositioned assets the U.S. might require in Bahrain if called upon to deploy forces for the defense of the Gulf states. The Bahrainis have suggested these discussions take place in Bahrain sometime early this fall.

Intelligence Sharing.

We have taken steps to provide our posts in the Gulf states with updated intelligence on the Iraq-Iran conflict suitable to be shared with host governments. In addition to established intelligence sharing arrangements with the Saudis, Bahrain has now indicated it would be interested in receiving intelligence provided through COMIDEASTFOR channels.

Consultations With Gulf Governments.

Messages have gone from the President to King Fahd and from the Acting Secretary to his counterparts in the other Gulf states reaffirming our wish to help support the security of those countries and inviting them to offer their suggestions as to how we might most effectively work together. Initial responses from the host governments have been positive.

Consultations With Allies.

Messages have gone to all NATO Foreign Ministers and to Tokyo from the Acting Secretary asking that their governments continue to urge, directly or through appropriate third parties like the Algerians, restraint on the Iranians and compliance with the UN resolutions calling for a ceasefire. It was also proposed that we consider together what additional measures might be undertaken to demonstrate our mutual support for the security of the other Gulf states. USNATO made a similar presentation to NATO Permanent Representatives.

Consultations With Key Regional States.

In addition to Turkey, The Acting Secretary sent similar messages to the Foreign Ministers of Egypt, Jordan, and Pakistan. Regional states with possible influence in Tehran (Pakistan, Turkey, Algeria, and Syria) have been asked to urge restraint on Iran.

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- 3 -

Naval Coordination.

We have made approaches to the French, British, Australians, and New Zealanders about resuming informal Navy-to-Navy discussions (last held in 1980) about our respective naval presences and cooperation in the Arabian Sea/Persian Gulf region. The preliminary responses to our proposal have been encouraging.

ADDITIONAL STEPS THAT COULD BE TAKEN WITHIN PRESENT POLICYIncreased Naval Presence in the Arabian Sea.

We can consider whether to increase our naval presence in the Arabian Sea. An immediate--and minimum--step we could take would be to redeploy in the Arabian Sea a cruiser now with the Surface Strike Force in the southern Indian Ocean. A more significant step would be to return to the Arabian Sea the CBG task force recently withdrawn to reinforce our naval presence in the Eastern Mediterranean. These steps could be cited to friendly Gulf state governments as further evidence of our concern for their security. Augmentation of our naval strength in the Arabian Sea would become quickly known to the Iranians who regularly surveil U.S. naval movements there. The increase in our carrier presence in the Arabian Sea is unlikely to be provocative to the Iranians, but by the same token, it is not likely to have much deterrent effect on their actions in the northern Gulf region.

Augmentation of MIDEASTFOR.

A more significant signal both to our Gulf friends and to the Iranians might be augmentation of the Middle East Force presence inside the Persian Gulf, presently consisting of the COMIDEASTFOR flagship and four destroyers/frigates. Increasing the MIDEASTFOR presence would probably not in itself be considered provocative by the Iranians so long as the ships continue to follow existing patterns of movement. However, the size of the augmentation would be a matter of concern to Iran. Another destroyer would probably not be a problem, but several additional ships might alarm the Iranians and possibly provoke some counter action on their part. It might also prompt a Soviet response, such as an increase in their Indian Ocean

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- 4 -

naval presence.

Greater MIDEASTFOR Visibility.

In addition to, or possibly as an alternative to, augmenting MIDEASTFOR we could make the MIDEASTFOR presence

more visible to the Gulf states through an increased number of port calls, PASSEX's, etc. To do this, however, we would need to have the cooperation of the Gulf states, several which are presently unwilling to receive U.S. naval visits because of growing anti-U.S. feelings in the area over Lebanon. Even were host governments willing to accept a closer degree of identification with MIDEASTFOR, care needs to be taken that such visits not provide the Iranians with excuses for stimulating anti-American incidents in port cities. Naval visits to northern Gulf ports like Kuwait should continue to be avoided.

Joint Military Exercises With the Saudis.

The Saudis have deferred for the time being discussion of our offer to conduct joint training exercises including temporary deployment to Saudi Arabia of USAF F-15 aircraft and air defense units. We will wish to consider whether to pursue this issue within the joint air defense planning group.

Joint Military Exercises With the Omanis.

A joint U.S.-Omani military exercise (JADE TIGER) is scheduled for November. If the Omanis agree, consideration could be given to accelerating or expanding this exercise or scheduling a substitute exercise at an earlier date.

Expediting Arms Deliveries.

Completion of the Saudi assurances regarding the air defense enhancement package makes it possible to consider expediting delivery of a limited number (perhaps 60) AIM-9L air-to-air missiles to the Kingdom. Minimum time frame for delivery would be two weeks. Expedited delivery of these missiles, which the Saudis have requested, would demonstrate the seriousness with which we view the situation and our willingness to be of assistance within the limitations the Saudis themselves are placing on U.S.-Saudi security cooperation. As an interim step, we might consider "loaning"

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- 5 -

these missiles to the Saudis pending completion of the assurances and security arrangements; in this case the U.S. would officially retain custody of the missiles within the Kingdom except when they are actually loaded in the Saudi F-15's.

Consideration could be given also to expediting delivery to Kuwait of TOW launchers and missiles recently purchased. These arms can be readily absorbed by the Kuwaiti armed forces and would strengthen the country's ability to deter or delay a hostile armor attack from the north. A major problem to be dealt with is that to expedite TOW deliveries to Kuwait would require a draw down on our own services' inventories. To date the Kuwaitis have not pressed us for expedited TOW deliveries.

Support Jordanian or Egyptian Troop Movements to Gulf States.

We could be asked to support, by providing logistic aid or permission to deploy U.S.-origin equipment, the stationing of Jordanian or Egyptian troops in the Gulf states to help protect them. We can probably insist that the Gulf states themselves fund the costs of such deployments, but would need to consider seriously what could most effectively be done to replace military equipment withdrawn from Jordanian or Egyptian inventories for that purpose. By operating "behind the scenes" we can probably minimize U.S. direct identification with such deployments, but the Iranians will likely assume our role in these movements. The Egyptians have told us they would respond to a Gulf request for deployment of Egyptian forces, but they would not want any direct U.S. support role and would probably want a commitment in advance from the U.S. to replace equipment used in the operation. (They would want our permission to deploy U.S.-origin equipment before we agreed to a Jordanian request for logistic support in deployments to the Gulf.) We would need to consider coordinating with the Saudis -- who might prefer to provide such support themselves.

Allied Support for the Gulf States

We could encourage some of our western allies to take tangible steps to bolster Gulf state security. The UK, for example, may be better able to provide visible security assurances to certain Gulf states (e.g., Kuwait, UAE, Oman) than the U.S. Such measures as UK air defense exercises/deployments in the Gulf area would probably be more politically acceptable to host nations and viewed as less provocative by Iran than similar U.S. actions.

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